

**FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF POINTE COUPEE**

VENTRESS, LOUISIANA

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2013

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OF THE PARISH OF POINTE COUPEE
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DECEMBER 31, 2013**

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Fire Protection District No. 3
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INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire Protection District No. 3 of the Parish of Pointe Coupee, Louisiana, (the "District"), a component unit of the Pointe Coupee Parish Police Jury, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire Protection District No. 3 of the Parish Pointe Coupee, Louisiana as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is presented for purposes of additional analysis and are not required part of the financial statements. The individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2014 on our consideration of Fire Protection District No. 3 of the Parish of Pointe Coupee's internal control over financial reporting and on our tests of its compliance with certain provisions, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Baxley & Associates, LLC

Plaquemine, Louisiana
June 2, 2014

MANAGEMENT'S DISUSSION AND ANALYSIS

**FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF POINTE COUPEE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

As management of the Fire Protection District No. 3 of the Parish of Pointe Coupee, Louisiana, we are pleased to provide an overview of our financial activities for the year ended December 31, 2013. The intended purpose of the Management's Discussion and Analysis (MD&A) is to provide an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions. The MD&A provides an easily readable summary of operating results and reasons for changes that will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities, the sources, uses, and changes in resources, adherence to budget, service levels, limitations, significant economic factors, and the status of infrastructure and its effects on our debt and operation. When referring to prior year data in this analysis, we will be drawing upon information from last year's audited financial report.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$365,815 from \$2,033,204 in 2012 to \$2,399,019 in 2013.
- Ad valorem taxes increased from \$355,057 in 2012 to \$413,114 in 2013.
- Cash and cash equivalents increased by \$518,744 for the year ended December 31, 2013.

OVERVIEW OF THE BASIS FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basis financial statements which are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and (4) other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The Government-Wide Financial Statements, presented on pages 10 and 11, are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF POINTE COUPEE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The District's Government-Wide Financial Statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The District's sole operation of fire protection is classified as governmental activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one fund which is categorized as a governmental fund.

Governmental funds, presented on pages 12 through 14, are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget. A budgetary comparison schedule has been provided for the District's operations.

Notes to the Financial Statements

The notes, presented on pages 15 through 26, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF POINTE COUPEE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information concerning the District's budgetary control, on page 28. A tabulation of taxable property is presented on page 33 as supplementary to assist the reader in understanding the economic growth of the District and the effect it has on operations and fire protection ratings.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At the end of the most recent year, the assets of the District exceeded its liabilities by \$2,399,019.

The District's net position is mainly composed of \$125,801 investment in capital assets (land, buildings, vehicles and equipment, etc.) and restricted net position for capital projects and debt service of \$155,773. The District uses these capital assets to provide fire protection services to residents and businesses that encompass the area from center of False River to the northern boundary line of West Baton Rouge Parish along the southern boundary of Pointe Coupee Parish to a point on the boundary line of Pointe Coupee and West Feliciana Parishes and in the center of the Mississippi River at a point southwest of Fancy Point Towhead. Consequently, these assets are not available for future spending.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position, \$2,117,445, may be used to meet the District's future operations.

SUMMARY OF NET POSITION

	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 2,423,007	\$ 1,879,741
Capital assets	925,801	262,244
Total assets	<u>3,348,808</u>	<u>2,141,985</u>
Current and other liabilities	230,696	11,861
Noncurrent liabilities	719,093	96,920
Total liabilities	<u>949,789</u>	<u>108,781</u>
Net position -		
Net invested in capital assets	125,801	165,324
Restricted	155,773	-
Unrestricted	<u>2,117,445</u>	<u>1,867,880</u>
Total net position	<u>2,399,019</u>	<u>2,033,204</u>

The District's total revenues increased by \$61,612 from \$546,629 in 2012 to \$608,241 in 2013. Total expenses decreased by \$28,716 from \$271,142 in 2012 to \$242,426 in 2013.

**FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF POINTE COUPEE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Changes in Net Position		
	Governmental Activities	
	2013	2012
Revenues:		
Taxes	\$ 575,649	\$ 355,057
Intergovernmental revenues	28,592	165,257
Interest income and other revenue	4,000	26,315
Total Revenues	608,241	546,629
Expenses:		
Operating	212,168	159,670
Depreciation	30,258	111,472
Total Expenses	242,426	271,142
Change in Net Position	365,815	275,487
Beginning Net Position	2,033,204	1,532,323
Restate Beginning Net Position	-	225,394
Beginning Net Position, Restated	2,033,204	1,757,717
Ending Net Position	\$ 2,399,019	\$ 2,033,204

GOVERNMENTAL FUND FINANCIAL ANALYSIS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

The fund balance of the District increased by \$405,338 during the current year.

**FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF POINTE COUPEE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

BUDGETARY HIGHLIGHTS

The District's annual budget is the legally adopted expenditure control document of the District. A budgetary comparison statement is required and can be found on page 28. This statement compares the original adopted budget, the budget if amended throughout the year, and the actual expenditures prepared on a budgetary basis.

Actual revenues of \$608,241 exceeded budgeted revenues of \$0 by \$608,241, while budgeted expenditures of \$410,000 exceeded actual expenditures of \$249,965 by \$51,724.

CAPITAL ASSETS

At December 31, 2013 and 2012, the District has \$925,801 and \$262,244, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, and equipment. Further detail on capital assets is presented in Note C on page 22.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District serves a population estimated at over 6200 and is a rural unincorporated area. The District maintains an IRC rating of 6 and is operated by volunteer firemen and firewomen. The District obtains funding from Ad Valorem and Sales Taxes. They operated the 2013 budget on \$413,114 in Ad Valorem and \$162,535 in sales tax. Due to the large rural area, population, ratings and requirements by the State Fire Marshall, these items made it necessary for management to consider future budget projections. Such long range projections assist management in evaluating net acquisitions or replacements to keep the fire insurance rating at a level that will return fire protection and an economic benefit to its taxpayers.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. If you have questions about this report or need additional financial information, contact Steve Stelly of the Fire Protection District No. 3 of the Parish of Pointe Coupee, Louisiana at (225) 638-6230.

BASIC FINANCIAL STATEMENTS

**FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF POINTE COUPEE, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,976,797
Receivables:	
Ad valorem taxes	423,569
Sales taxes	-
State revenue sharing	4,728
Prepaid insurance	17,278
Deposits	635
Capital assets (net of accumulated depreciation):	
Land	256,402
Buildings and Improvements	4,103
Construction in progress- building	632,040
Vehicles	11,090
Machinery and equipment	22,166
TOTAL ASSETS	\$ 3,348,808
LIABILITIES	
Accounts payable	\$ 140,940
Amount due retirement system	8,849
Certificate of Indebtedness due in one year	80,907
Noncurrent liabilities:	
Certificate of Indebtedness	719,093
TOTAL LIABILITIES	949,789
NET POSITION	
Invested in capital assets, net	125,801
Restricted for capital projects and debt service	155,773
Unrestricted	2,117,445
TOTAL NET POSITION	\$ 2,399,019

The accompanying notes are an integral part of this statement.

FIRE PROTECTION DISTRICT NO. 3 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
STATEMENT OF ACTIVITIES
DECEMBER 31, 2013

	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Governmental Activities
Governmental Activities:					
Debt service	\$ 41				\$ (41)
Public safety	242,385	-	-	\$ -	(242,385)
Total Governmental Activities	<u>\$ 242,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(242,426)</u>
General Revenues:					
Taxes:					
Property taxes					413,114
Sales taxes					162,535
General intergovernmental revenues					28,592
Interest earnings					-
Other					<u>4,000</u>
Total General Revenues					<u>608,241</u>
Change in Net Position					365,815
Net Position at the Beginning of Year					<u>2,033,204</u>
Net Position at End of Year					<u>\$ 2,399,019</u>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO.3
OF THE PARISH OF POINTE COUPEE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Non Major Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1,683,994	\$ 292,644	\$ 159	\$ 1,976,797
Receivables:				
Ad valorem taxes	423,569	-	-	423,569
Sales taxes	-	-	-	-
State revenue sharing	4,728	-	-	4,728
Prepaid insurance	17,279	-	-	17,279
Deposits	634	-	-	634
TOTAL ASSETS	<u>\$ 2,130,204</u>	<u>\$ 292,644</u>	<u>\$ 159</u>	<u>\$ 2,423,007</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	3,910	137,030	-	\$ 140,940
Amount due to retirement system	8,849	-	-	8,849
Total Liabilities	12,759	137,030	-	149,789
Fund Balance:				
Nonspendable: Prepaid	17,278			17,278
Restricted			159	159
Committed		155,614		155,614
Unassigned	2,100,167			2,100,167
Total Fund Balances	<u>\$ 2,117,445</u>	<u>\$ 155,614</u>	<u>\$ 159</u>	<u>\$ 2,273,218</u>

Amounts reported for governmental activities in the statements of net position are different because:

Capital assets used in government activities are not financial resources, and therefore, are not reported in the funds.

925,801

Long-term liabilities of governmental funds, including capital leases and notes payable are not due and payable in the current period and, therefore, are not reported in the funds.

(800,000)

Net position of governmental activities

\$ 2,399,019

The accompanying notes are an integral part of this statement.

FIRE PROTECTION DISTRICT NO.3
OF THE PARISH OF POINTE COUPEE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

REVENUES	General	Capital Projects fund	Other Governmental Funds	Total Governmental Funds
Taxes -				
Ad valorem	\$ 413,114	-	-	413,114
Sales taxes	162,535	-	-	162,535
Fire insurance rebate	21,500	-	-	21,500
Intergovernmental revenues -				
State revenue sharing	7,092	-	-	7,092
Miscellaneous revenues -				-
Other income	4,000	-	-	4,000
TOTAL REVENUES	608,241	-	-	608,241
EXPENDITURES				
Advertising	1,000	-	-	1,000
Bank charges	293	41	41	375
Dues and subscriptions	1,011	-	-	1,011
Emergency 911 fee	39,035	-	-	39,035
Equipment repairs and maintenance	20,326	-	-	20,326
Firefighting equipment supplies	3,756	-	-	3,756
Insurance	32,638	-	-	32,638
Lawn maintenance	5,200	-	-	5,200
Meals	558	-	-	558
Miscellaneous	994	-	-	994
Office	7,280	-	-	7,280
Postage and printing	211	-	-	211
Professional fees	21,916	-	-	21,916
Station repairs	4,985	-	-	4,985
Supplies and small tools	3,407	-	-	3,407
Tax collector fees	8,849	-	-	8,849
Telephone	4,014	-	-	4,014
Training and fire prevention	8,863	-	-	8,863
Uniforms and protective gear	1,020	-	-	1,020
Utilities	9,147	-	-	9,147
Vehicle fuel and maintenance	20,555	-	-	20,555
Capital outlays -				-
Land	51,500	-	-	51,500
Machinery and equipment	10,275	-	-	10,275
Building - construction	-	632,040	-	632,040
Debt service -				-
Principal retirement	96,920	-	-	96,920
Interest expense	4,523	-	-	4,523
TOTAL EXPENDITURES	358,276	632,081	41	990,398
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	249,965	(632,081)	(41)	(382,157)
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	787,495	787,495
Operating transfers in	-	787,695	200	787,895
Operating transfers out	(400)	-	(787,495)	(787,895)
TOTAL OTHER FINANCING SOURCES (USES)	(400)	787,695	200	787,495
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXP. AND OTHER USES	249,565	155,614	159	405,338
FUND BALANCE AT BEGINNING OF YEAR	1,867,880	-	-	1,867,880
FUND BALANCE AT END OF YEAR	\$ 2,117,445	\$ 155,614	159	\$ 2,273,218

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF POINTE COUPEE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Amounts reported for governmental activities are different because:

Net change in fund balances - total governmental funds (page 13)	\$ 405,338
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$693,815) exceeded depreciation (\$30,258).	663,557
Loan Proceeds on Certificate of Indebtedness, series 2013	(800,000)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental Neither transaction, however, has any effect on net assets	
Debt payments \$96,920	96,920
	<hr/>
Change in net position of governmental activities (page 11)	<u>\$ 365,815</u>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO.3 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fire Protection District No. 3 of the Parish of Pointe Coupee (the "District") was created by a resolution of the Pointe Coupee Parish Police Jury in 1981 under the Authority of Louisiana Revised Statute 40:1491. The District operates under a commission form of government and provides fire protection services to all the territory situated within the limits of Pointe Coupee Election Districts 4 and 5 and portions of the areas of District 6 and 9. The Election Districts were constituted in 1981, and it was created in accordance with the authority of LRS 40:1494, and Article VI, Section 19 of the Constitution of the State of Louisiana for the year 1974 and other constitutional and statutory authority supplemental thereto and Local Services Agreements entered into by this Police Jury.

Reporting Entity

As stated previously, the District was created by a resolution of the Pointe Coupee Parish Police Jury in 1981 and is a political subdivision of the Pointe Coupee Parish Police Jury.

In accordance with LRS 40:1494, the District is managed by a board of five commissioners. Five commissioners are appointed by the Pointe Coupee Parish Police Jury. These five commissioners then appoint the one to act as chairperson.

In accordance with the requirements of Statement No. 14, The Financial Reporting Entity of the Governmental Accounting Standards Board (GASB), the financial statements present the District (the primary government) and its component units. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements.

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The previous reporting model emphasized fund types (the total of all funds of a particular type), and in the reporting model as defined by GASB Statement No. 34, the focus is either the District as a whole or major individual funds (within the fund financial statements).

**FIRE PROTECTION DISTRICT NO. 3 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or activity. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, (2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity, and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, franchise taxes, intergovernmental revenues, interest income, etc.).

Separate fund based financial statements are provided for governmental funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund and capital projects fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

**FIRE PROTECTION DISTRICT NO. 3 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The grant revenue availability period is generally considered to be one year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

Ad valorem tax revenues in the General Fund are recognized under the susceptible to accrual concept. Miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the District; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if susceptible to accrual criteria are met.

The following funds are being used by the District in its governmental funds:

- General Fund accounts for the District's primary public safety service and is the primary operating unit of the District.
- Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.
- Capital Projects Fund accounts for financial resources to be used for acquisition or construction of major capital facilities which are not financed by Proprietary or Trust Funds.

GASB No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained, and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Position.

Assets, Liabilities, Net Position, and Fund Balances

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include demand deposits and money market accounts. Under state law, the District may deposit funds in demand deposits, money market accounts, or time deposits with a bank organized under Louisiana law, or of any other state of the United States, or under the laws of the United States.

**FIRE PROTECTION DISTRICT NO. 3 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State statutes authorize the District to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

Cash deposits are reported at carrying amount which reasonably estimates fair value.

Receivables

Receivables consist of all revenues earned at year-end and not yet received.

Inventories

Inventories for supplies are immaterial and are recorded as expenses when purchased.

Capital Assets and Depreciation

The District's property and equipment with useful lives of more than one year are capitalized at historical cost or estimated historical cost. The District's policy has set the capitalization threshold for reporting capital assets at \$500. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Uniforms and protective gear which are susceptible to excessive wear and tear, and fire code regulations are expensed when incurred.

When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Capital assets are depreciated using the straight-line method over the estimated useful lives, in years, for depreciable assets as follow:

Buildings	40 years
Machinery and equipment	5 years
Vehicle and transportation equipment	5-10 years

**FIRE PROTECTION DISTRICT NO. 3 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance accounts at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2013, there were no amounts considered to be uncollectible.

Long-term Liabilities

In the government-wide financial statements, long-term debt is reported as a liability in the applicable governmental activities statement of net position.

In the government funds financial statements, the face amount of debt is reported as other financing sources. Interest and principal payments are reported as debt service expenditures.

Net Position

In the Statement of Net Position, the difference between the District's assets and liabilities is recorded as net position. The three components of net position are as follows:

- Net invested in capital assets – This category consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances on any bond, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – This category consists of net position with constraints place on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation.
- Unrestricted net position – This category represents all net position that does not meet the definition of "restricted" or "net invested in capital assets."

Fund Balance

In the fund financial statements, fund balance of the governmental funds are classified as follows:

- Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**FIRE PROTECTION DISTRICT NO.3 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Restricted – Amounts that can only be spent for specific purposes because of constitutional provisions or enabling legislation or because constraints are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments,
- Committed – Amounts that can be used only for specific purposes determined by a formal action of the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the District.
- Assigned – Amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes.
- Unassigned – All other spendable amounts.

As of December 31, 2013, fund balances were designated as nonspendable, restricted, committed and unassigned.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will *not* be recognized as an outflow of resources (expenses) until that future period(s).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will *not* be recognized as an inflow of resources (revenue) until that future period(s).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Sales Tax

Fire Protection District No. 3 of the Parish of Pointe Coupee accounts for the collection of the 2% Policy Jury Sales Tax from the Pointe Coupee Parish Tax Collector. The District receives .05% of the 2% Police Jury Sales Tax. For the year ended December 31, 2013, the amount of sales tax received by the District was \$162,535.

**FIRE PROTECTION DISTRICT NO.3 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Information

Policy and Practice

The Chairman submits an annual budget for the General Fund by Fire Station to the Board in accordance with the Louisiana Local Government Budget Act. The budget is presented to the Board for review, and public hearings are held to address the proposed appropriations. Once approved, and adopted by the Board, the Board may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Basis of Budgeting

The General Fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by function. Budget revisions at this level are subject to final review by the Board. The legal level of control is by function within the General Fund. Expenditures may not exceed appropriations at this level. Revisions to the budget were made throughout the year.

The General Fund budget is prepared on the modified accrual basis. The budget and actual financial statement is reported on this basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

Capital Project Fund adopts project length budgets. All unencumbered annual budget amounts lapse at fiscal year-end.

NOTE B – CASH AND CASH EQUIVALENTS

At year end, the District's carrying amount of deposits was \$1,976,797 and the bank balance was \$1,981,589. At December 31, 2013, the status of deposited funds and collateralized balances are as follows:

	Bank Balances 12/31/13	FDIC Insurance	Balances Uninsured
Cash	\$ 1,981,589	\$ 250,000	\$ 1,731,589
Uncollateralized--			
Securities pledged and held by custodial banks in the name of fiscal agent banks, at fair market value, at December 31, 2013			<u>4,135,287</u>
Excess of FDIC insurance and pledged securities over cash at December 31, 2013			<u>\$ 2,403,698</u>

**FIRE PROTECTION DISTRICT NO. 3 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE B – CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and investments are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or pledge of securities owned by the fiscal agent bank.

NOTE C – CAPITAL ASSETS

A summary of changes in general fixed assets is as follows:

	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013
Land	\$ 204,902	\$ 51,500	\$ -	\$ 256,402
Buildings and Improvements	5,000	-	-	5,000
Construction in progress-bldg.	-	632,040	-	632,040
Vehicles	867,538	4,000	-	871,538
Machinery and Equipment	170,664	6,275	-	176,939
Total Capital Assets	\$ 1,248,104	\$ 693,815	\$ -	\$ 1,941,919

	Accumulated Depreciation Balance 1/1/2013	Additions	Deletions	Accumulated Depreciation Balance 12/31/2013	Capital Assets Net of Accumulated Depreciation
Land	\$ -	\$ -	\$ -	\$ -	\$ 256,402
Buildings and Improvements	769	128	-	897	4,103
Construction in progress - bldg	-	-	-	-	632,040
Vehicles	842,629	17,819	-	860,448	11,090
Machinery and Equipment	142,462	12,311	-	154,773	22,166
Total Accumulated Depreciation	\$ 985,860	\$ 30,258	\$ -	\$ 1,016,118	\$ 925,801

Depreciation for the year ended December 31, 2013 was \$30,258.

NOTE D – LONG-TERM DEBT

The summary of changes in governmental activities long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2013 is as follows:

	Beginning Balance	Additions/ Proceeds	Reductions/ Payments	Ending Balance	Due Within One Year
Capital lease obligations:					
Government Capital Corp 2013	\$ -	\$ 800,000		\$ 800,000	\$ 80,907
Government Capital Corp 2008	96,920	-	(96,920)	-	-
Total Governmental Activities	\$ 96,920	\$ 800,000	\$ (96,920)	\$ 800,000	\$ 80,907

**FIRE PROTECTION DISTRICT NO.3 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE D – LONG-TERM DEBT (CONTINUED)

The debt outstanding at December 31, 2013 is as follows:

Government Capital Corporation

On March 1, 2008, the District entered into a capital lease agreement for the purchase of two new fire trucks in the amount of \$444,000 which matures on March 1, 2013. Annual installments of \$101,355 were paid which includes an interest rate of 4.58%.

\$ -

Total Debt Outstanding at December 31, 2013

\$ -

Government Capital Corporation

On August 14, 2013, the District entered into a certificate of indebtedness for the construction of a new fire station in the amount of \$800,000 which matures on February 5, 2023. Annual installments of \$94,487 were paid which includes an interest rate of 3.492%.

\$ 800,000

Total Debt Outstanding at December 31, 2013

\$ 800,000

The annual debt service including interest of \$144,870 is as follows:

<u>Year</u>	<u>Government Capital Corp.</u>
2014	94,487
2015	94,487
2016	94,487
2017	94,487
2018	94,487
2019-2023	472,435
Total	<u><u>944,870</u></u>

NOTE E – AD VALOREM TAXES

All taxable property located within the State of Louisiana is subject by law to taxation on the basis of its assessed valuation. The assessed value is determined by the Parish Assessor, except for public utility property which is assessed by the Louisiana Tax Commission.

**FIRE PROTECTION DISTRICT NO. 3 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE E- AD VALOREM TAXES (CONTINUED)

The 1974 Louisiana Constitution provided that, beginning in 1978, all land and residential property were to be assessed at 10% of fair market value; agricultural, horticultural, marsh lands, timber lands, and certain historic buildings are to be assessed at 10% of "use" value; and all other property to be assessed at 15% of fair market value. Fair market values are determined by the elected assessor of the parish and are subject to review and final certification by the Louisiana Tax District. The assessor is required to re-appraise all property every four years.

The Sheriff of Pointe Coupee Parish, as provided by State Law, is the official tax collector of general property taxes levied by the Parish. By agreement, the Sheriff receives a commission of approximately 4.23%.

The millage rates are adopted in late October. The taxes are levies and notices are mailed out in mid-November of the year. All taxes are due by December 31 of the year and are delinquent on January 1 of the next year, which is also the lien date.

State Law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. If taxes are not paid by the due date of December 31, the taxes bear interest at one and one-fourth percent (1.25%) per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the quantity of property necessary to settle the taxes and interest owed.

Property taxes are recognized as revenue in the year in which they are levied and become due. The majority of the year's taxes are usually collected in November and December of the year. Any amounts not collected at December 31 are shown as accounts receivable.

For the year ended December 31, 2013, taxes of \$423,569 were levied on property with assessed valuations totaling \$70,948,994 at the rate of 5.97 mills for the following purposes: (1) maintaining and operating the District's fire protection facilities, (2) purchasing fire trucks and other firefighting equipment, (3) paying the cost of obtaining water for fire protection purposes, including charges for fire hydrant rentals and service, and (4) paying the cost of acquiring, improving, or constructing fire protection facilities of the Fire Protection District, constituting works of public improvement, title to which shall be in the public.

NOTE F – PENSION PLAN AND RETIREMENT COMMITMENTS

The District has no pension plan or retirement commitments.

**FIRE PROTECTION DISTRICT NO. 3 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE G – RISK RETENTION

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee medical insurance; and natural disasters. The District carries commercial insurance for risks of loss or damage to property, general liability, and medical insurance. There were no significant reductions in insurance coverage in 2013 from coverage in the prior year. Settled claims have not exceeded this commercial coverage in the past three fiscal years.

NOTE H – LITIGATION AND CLAIMS

There were no judgments, claims, or other similar contingencies pending against the District at December 31, 2013.

NOTE I – COMPENSATION PAID TO BOARD MEMBERS

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to board members is as follows:

Ray Barentine	\$	-
Frank Bonds		-
Adam Weger		-
Steve Stelly		-
Ashley Pourciau		-
	<u>\$</u>	<u>-</u>

NOTE J – NEW ACCOUNTING PRONOUNCEMENTS

GASB 65, *Items Previously Reported as Assets and Liabilities* was implemented this year. This statement required certain items that are currently reported as assets and liabilities to be reclassified as deferred outflows of resources, deferred inflows of resources or current period outflows and inflows.

NOTE K – RELATED PARTIES

The Fire Protection District No. 3 of the Parish of Pointe Coupee, Louisiana is a component unit of the Pointe Coupee Parish Police Jury, and may enter into transactions with related parties, including parish council members and the parish administrator. From knowledge obtained during the audit, no related party transactions have occurred between parish council members or the parish administrator of Pointe Coupee Parish.

**FIRE PROTECTION DISTRICT NO. 3 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS**

NOTE L- SUBSEQUENT EVENTS

These financial statements considered subsequent events through June 27, 2014, the date the financial statements were available to be issued.

In the prior year, the Board of the Fire Protection District No. 3 of the Parish of Pointe Coupee, Louisiana made a decision to have a stand-alone audit that is separate from the Pointe Coupee Parish Police Jury. Previously, the Fire District was a discretely presented component unit of the Pointe Coupee Parish Police Jury. In making this decision, the Board wants to assure themselves that they have received all of their assets from the Pointe Coupee Parish Police Jury as reported in the December 31, 2011 audit report. In March 2013, the Fire District engaged a civil attorney and a separate independent certified public accounting firm to investigate whether the Fire District has received all of their assets at December 31, 2011. Based upon the investigation, prior period balances are subject to change.

REQUIRED SUPPLEMENTARY INFORMATION

FIRE PROTECTION DISTRICT NO 3
OF THE PARISH OF POINTE COUPEE, LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Taxes -				
Ad valorem	\$ -	\$ -	\$ 413,114	\$ 413,114
Sales taxes	-	-	162,535	162,535
			21,500	21,500
Intergovernmental revenues -				
State revenue sharing	-	-	7,092	7,092
Miscellaneous revenues -				
Other	-	-	4,000	4,000
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>608,241</u>	<u>608,241</u>
EXPENDITURES				
Advertising	1,000	1,000	1,000	-
Bank charges			293	(293)
Dues and subscriptions			-	-
Emergency 911 Fee	1,000	1,000	1,011	(11)
Equipment repairs and maintenance	40,000	40,000	39,035	965
Firefighting equipment supplies	10,000	10,000	20,326	(10,326)
Insurance			3,756	(3,756)
Lawn maintenance	35,000	35,000	32,638	2,362
Meals	3,500	3,500	5,200	(1,700)
Miscellaneous			558	(558)
Office	1,500	1,500	994	506
Postage and printing	12,000	12,000	7,280	4,720
Professional fees			211	(211)
Rent	6,000	6,000	21,916	(15,916)
Station repairs				-
Supplies and small tools			4,985	(4,985)
Tax collector fees			3,407	(3,407)
Telephone	12,500	12,500	8,849	3,651
Training and fire prevention	6,000	6,000	4,014	1,986
Travel	13,000	13,000	8,863	4,137
Uniforms and protective gear				-
Utilities	5,000	5,000	1,020	3,980
Vehicle fuel and maintenance	10,500	10,500	9,147	1,353
Capital outlays -	33,000	33,000	20,555	12,445
Land				
Machinery and equipment	100,000	100,000	51,500	48,500
Debt service -	15,000	15,000	10,275	4,725
Principal retirement				
Interest expense	100,000	100,000	96,920	3,080
TOTAL EXPENDITURES	<u>5,000</u>	<u>5,000</u>	<u>4,523</u>	<u>477</u>
	<u>410,000</u>	<u>410,000</u>	<u>358,276</u>	<u>51,724</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES				
	(410,000)	(410,000)	249,965	659,965
OTHER SOURCES AND (USES)				
Transfer out				
TOTAL OTHER SOURCES AND (USES)	<u>-</u>	<u>-</u>	<u>(400)</u>	<u>(400)</u>
	<u>-</u>	<u>-</u>	<u>(400)</u>	<u>(400)</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXP. AND OTHER (USES)				
FUND BALANCE AT BEGINNING OF YEAR	(410,000)	(410,000)	249,565	659,565
	<u>1,867,880</u>	<u>1,867,880</u>	<u>1,867,880</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,457,880</u>	<u>\$ 1,457,880</u>	<u>\$ 2,117,445</u>	<u>\$ 659,565</u>

NON MAJOR DEBT SERVICE FUND

To accumulate monies for the payment of a certificate of indebtedness, Series 2013 in annual installments, plus interest due annually, through maturity in 2023. Proceeds were used to construct a new fire station.

FIRE PROTECTION DISTRICT NO. 3 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
DEBT SERVICE FUND -BALANCE SHEET
DECEMBER 31, 2013

	2013 Certificate of Indebtedness	Total
ASSETS		
Cash	\$ 159	\$ 159
TOTAL ASSETS	\$ 159	\$ 159
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Payables	\$ -	\$ -
TOTAL LIABILITIES	-	-
FUND BALANCE		
Restricted for debt service	159	159
TOTAL FUND BALANCE	159	159
TOTAL LIABILITIES AND FUND BALANCE	\$ 159	\$ 159

FIRE PROTECTION DISTRICT NO. 3 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
DEBT SERVICE FUND- STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2013

	Certificate Of Indebtedness 2013	Total
REVENUES		
Intergovernmental revenue	\$ -	\$ -
Debt proceeds	-	-
Interest income	-	-
TOTAL REVENUES	-	-
EXPENDITURES		
Principal retirement	-	-
Interest	-	-
Miscellaneous	41	41
TOTAL EXPENDITURES	41	41
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(41)	(41)
OTHER FINANCING SOURCES (USES)		
Loan Proceeds	787,495	787,495
Transfers to other funds	(787,495)	(787,495)
Transfers from other funds	200	200
TOTAL OTHER FINANCING SOURCES (USES)	200	200
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	159	159
FUND BALANCE, BEGINNING	-	-
FUND BALANCE, ENDING	\$ 159	\$ 159

**SUPPLEMENTARY INFORMATION AND
REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

FIRE PROTECTION DISTRICT NO.3
OF THE PARISH OF POINTE COUPEE
VENTRESS, LOUISIANA
TAXABLE PROPERTY VALUATIONS
(UNAUDITED)

Year	Mills Levied	Assessed Value	Homestead Exemption	Tax to be Paid by Owner	Tax to be Paid by State	Total Tax
2009	4.76	56,090,422	10,466,505	266,991	49,821	316,812
2010	5.97	54,921,722	10,620,775	327,885	63,410	391,295
2011	5.97	54,902,277	10,606,475	327,769	63,325	391,094
2012	5.97	64,313,283	10,625,120	383,954	63,436	447,390
2013	5.97	70,948,994	10,687,820	423,569	63,811	487,380

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SCHEDULE 2

Board of Commissioners
Fire Protection District No. 3 of the
Parish of Pointe Coupee
Ventress, Louisiana

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fire Protection District No. 3 of the Parish of Pointe Coupee, Louisiana (the "District"), a component unit of the Pointe Coupee Parish Police Jury, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 2, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2013-2 and 2013-3 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our audit disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2013-1.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baxley & Associates, LLC

Plaquemine, Louisiana
June 2, 2014

SCHEDULE 3

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF POINTE COUPEE, LOUISIANA SCHEDULE OF FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2013

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Fire Protection District No. 3 of the Parish of Pointe Coupee, Louisiana.
2. Three significant deficiencies relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Fire Protection District No. 3 of the Parish of Pointe Coupee, Louisiana were found.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2013-1 BUDGET

Condition:

In the General Fund, actual revenues exceeded budgeted revenues by more than 100%. This is a repeat finding.

Criteria:

The District budgeted the estimated expenditures, but failed to budget the estimated revenues.

Effect:

The program did not function as originally intended.

Recommendation:

Continuous efforts should be made by management to monitor revenues in relation to the budget. Amendments should be made as they become necessary.

Management's Response:

Management will monitor and amend the budget as deemed necessary.

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2013-2 BANK RECONCILIATION

Condition:

During the audit, it was noted that one bank account was not reconciled to the general ledger.

Criteria:

General ledger accounts and bank reconciliations should be reviewed periodically for correctness.

Effect:

Due to inappropriate balance in cash, the year- end reports were misstated.

Recommendation:

Reconciliations should be prepared monthly to confirm that transactions recorded per the books and bank agree. Timely reconciliation facilitates correction of any difference that might exist.

Management's Response:

Management concurs with this finding.

2013-3 LACK OF CONTROLS OVER FINANCIAL REPORTING IN ACCORDANCE WITH GAAP

Condition:

The District does not have employees with sufficient expertise and training to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

Criteria:

Year-end adjusting journal entries were not made to the financial statements to ensure that the statements were prepared in accordance with generally accepted accounting principles.

Effect:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the annual financial statements. This condition is intentional by management based upon the financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

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Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Prudent management requires that the potential benefit from an internal control must exceed its cost. It, therefore, may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case we do not believe the significant deficiency described above would be cost effective or practical, and accordingly, do not believe any corrective action is necessary.

Management's Response:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 112. In this case we do not believe the significant deficiency described above would be cost effective or practical, and accordingly, do not believe any corrective action is necessary.

**FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF POINTE COUPEE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013**

2012-1 BUDGET

Condition:

In the General Fund, actual revenues exceeded budgeted revenues by more than 100%.
This is a repeat finding.

Recommendation:

Continuous efforts should be made by management to monitor revenues in relation to the budget. Amendments should be made as they become necessary.

Current Status:

This condition still exists at December 31, 2013.